GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4632
ANSWERED ON:15.12.2016
Increase in Electricity Tariff
Puttaraju Shri C.S.

Will the Minister of POWER be pleased to state:

(a) whether the Union Government is contemplating to increase electricity tariffs of the Central generating stations after having consultations with the States, if so, the details thereof;

(b) whether the Union Government has laid down a new policy to gradually increase electricity tariffs and if so, the details thereof;

(c) whether the likely impact of increase in electricity tariffs on common men has been looked into in this regard, if so, the details thereof; and

(d) whether Government is considering to provide financial help to the States to bail out the State Electricity Boards, if so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) to (c) : As per the provisions given in sections 61 to 64 of the Electricity Act, 2003, Electricity Regulatory Commissions have been entrusted with the function of determination of tariff for generation, transmission and distribution. The tariff of generation companies owned by the Central Government is regulated by the Central Electricity Regulatory Commission (CERC). One of the guiding principles for tariff determination, as stipulated in section 61 of the Act, is safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner. Section 62 of the Act further provides for periodic tariff adjustment to take care of the variation in fuel price, as may be specified. Therefore, the Appropriate Commission specifies an appropriate price adjustment formula for recovery of the costs, arising on account of the variation in the price of fuel, power purchase etc. on monthly/quarterly basis for recovery of all prudent costs of the generating company and the licensee. The Central Government has no role in the determination of tariff.

(d) : The Central Government is not providing any financial help to States under UDAY scheme to bail out the State Electricity Boards. The outstanding debt of DISCOMs is the contingent liability of the States. UDAY envisages States taking over 75% of the debt of DISCOMs as existing on 30.09.2015 in 2015-16 and 2016-17.

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